

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF ARIZONA

AU-TOMOTIVE GOLD INC.,

Plaintiff,

vs.

VOLKSWAGEN OF AMERICA, INC., et
al.,

Defendants.

No. CIV 01-162-TUC-WDB

ORDER

Pending before the Court is Plaintiff's Motion for Partial Summary Judgment and Defendants' Motions for Summary Judgment. The issues have been fully briefed and oral argument was heard on March 19, 2003. For the following reasons the Court GRANTS Plaintiff's Motion and DENIES Defendants' Motions.

I. FACTUAL AND PROCEDURAL BACKGROUND

Plaintiff, a Florida company doing business primarily in Arizona, makes license plate frames that include the Volkswagen ("VW") and Audi tradenames and trademarks. They also make decorative front license plates that contain the trademark medallions. Plaintiff asserts that it buys the logos from authorized VW and Audi dealers, then affixes them to the plates. Plaintiff further asserts that it makes clear in its packaging that it is not affiliated with VW or Audi and that these are not licensed products.

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1 BMW sued Plaintiff for trademark infringement for essentially the same activities
2 using its mark, and won an injunction against Plaintiff. *BMW v. Au-Tomotive Gold, Inc.*
3 1996 WL1609124 (M.D. Fla.). Plaintiff has, therefore, filed this claim for declarative relief
4 in order to stave off a similar suit from VW.

5 Plaintiff's Complaint requests the following declarations: (1) Plaintiff has not
6 infringed on Defendant's marks and that Plaintiff may continue its business; (2) Plaintiff has
7 not engaged in trademark counterfeiting under 15 U.S.C. § 1114; (3) Plaintiff has not
8 engaged in unfair competition under 15 U.S.C. § 1125(a) or the common law of Arizona; (4)
9 Plaintiff has not engaged in trademark dilution under 15 U.S.C. § 1125(c) and similar state
10 laws; (5) Defendants have wrongfully interfered with Plaintiff's prospective economic
11 relationships; and (6) Defendants have libeled and/or disparaged Plaintiff.

12 Primary among Plaintiff's arguments is that it is protected by the "First Sale
13 Doctrine." This doctrine allows that where the accused infringer has properly purchased the
14 trademarked item, repackages it, and gives the consumer adequate notice of the repackaging,
15 no infringement has occurred. *See Prestonettes Inc. v. Coty*, 264 U.S. 359 (1924). Plaintiff
16 also relies on the "aesthetic functionality" doctrine that provides that when a trademark is
17 used for its intrinsic "artistic" qualities, rather than to identify a particular product and its
18 origin, the use is non-infringing. *See International Order of Job's Daughters v. Lindeburg*,
19 633 F.2d 912, 917 (9th Cir. 1980).

20 After Plaintiff had filed its Complaint, but before Defendants had Answered or
21 entered an appearance, Plaintiff filed a Motion for Partial Summary Judgment. Defendants
22 did not respond to the Motion, on the belief that it was improperly served by mail and that
23 summary judgment was not appropriate, given the lack of discovery.

24 Because of the problems with the service of the Plaintiff's Motion for Partial
25 Summary Judgment by mail before Defendant's had answered or entered an appearance in
26 this case under Rule 5(a), Fed.R.Civ.P., the Court denied the Motion for Summary Judgment
27
28

1 without prejudice. Plaintiff has Renewed its Motion for Partial Summary Judgment and
2 Declaratory Relief. Defendant has also moved for summary judgment.

3 **II. THE MOTIONS FOR SUMMARY JUDGMENT**

4 **A. Plaintiff's Motion for Partial Summary Judgment**

5 Plaintiff has asked for partial summary and declaratory judgment on the following
6 issues: (1) that the marquee license plates manufactured and sold by Plaintiff do not infringe
7 Defendants' trademark and do not unfairly compete; and (2) that Plaintiff may continue its
8 business.

9 **B. Defendants' Motion for Summary Judgment**

10 Defendants ask for summary judgment and declaratory relief on the following: (1)
11 their claims of infringement under the Lanham Act and common law, trademark dilution, and
12 unfair competition; (2) that Plaintiff's use of the trademarks is a "counterfeit" use; (3)
13 statutory damages under the Lanham Act for infringement; (4) attorney's fees; and (5) a
14 permanent injunction against Plaintiff

15 **III. ANALYSIS**

16 **A. Summary Judgment Standard**

17 Summary judgment is appropriate when "the pleadings, depositions, answers to
18 interrogatories, and admissions on file, together with the affidavits, if any, show that there
19 is no genuine issue as to any material fact and that the moving party is entitled to a judgment
20 as a matter of law." Fed.R.Civ.P. 56(c). The moving party bears the initial burden of
21 establishing the absence of a genuine issue of material fact. *See Celotex Corp. v. Catrett*, 477
22 U.S. 317, 323-24 (1986). That burden may be met by showing that there is an absence of
23 evidence to support the non-moving party's case. *See id.* at 325. A party opposing summary
24 judgment, however, may not rest on its pleading. *See* Fed.R.Civ.P. 56(e). Instead, that party
25 must set forth "by affidavit or as otherwise provided by [Rule 56]. . . specific facts showing
26 that there is a genuine issue for trial." *Id.*; *see also Anderson v. Liberty Lobby, Inc.*, 477 U.S.
27 242, 248 (1986).

1 Here, in its Motion for Partial Summary Judgment, Plaintiff asks the Court to find that
2 there are no facts alleged by the parties that would allow the Court to find that there is
3 dispute sufficient to go to trial on the issue of whether Plaintiff's actions infringed
4 Defendants' trademarks. Defendants ask that the Court find that there is such evidence of
5 infringement that it is unnecessary to go to trial on the issue and instead the Court can find
6 that infringement has occurred. Given this procedural posture, the Court will consider
7 whether sufficient evidence of infringement has been offered by Defendants.

8 **B. Aesthetic Functionality**

9 While Defendants have attempted to make a prima facie case of trademark
10 infringement and dilution of their mark, this situation does not rise to that level. The facts
11 in this case are much too similar to those in *Job's Daughters*, and too different from the
12 contrary cases, for a finding of infringement. Plaintiff's use of the trademark is protected
13 under the "aesthetic functionality" doctrine and the Defendants have failed to offer any
14 evidence that would have a tendency to show that there is a likelihood of or any actual
15 confusion in the minds of consumers.

16 In *Job's Daughters*, the Ninth Circuit held that

17 [T]he name 'Job's Daughters' and the Job's Daughters insignia are indisputably
18 used to identify the organization, and members of Job's Daughters wear the
19 jewelry to identify themselves as members. In that context, the insignia are
20 trademarks of Job's Daughters. But in the context of this case, the name and
21 emblem are functional aesthetic components of jewelry, in that they are being
22 merchandised on the basis of their intrinsic value, not as a designation of
23 origin or sponsorship.

24 *Job's Daughters*, 633 F.2d at 918. Such is the case here. The VW and Audi logos are used
25 not because they signify that the license plate or key ring was manufactured or sold (i.e. as
26 a designation of origin) by Volkswagen or Audi, but because there is a aesthetic quality to
27 the marks that purchasers are interested in having.

28 The Ninth Circuit went on to hold that:

[T]here is some danger that the consumer may be more likely to infer
endorsement or sponsorship when the consumer is a member of the group
whose collective mark or trademark is being marketed. Accordingly, a court
must closely examine the articles themselves, the defendant's merchandising

1 practices, and any evidence that consumers have actually inferred a connection
2 between the defendant's product and the trademark owner.

3 *Job's Daughters*, 633 F.2d at 919. Here, Plaintiff has stated clearly on the packaging and on
4 the actual product that the product is not manufactured or licensed by VW or Audi, that
5 instead it was produced by Au-Tomotive Gold. Defendant's have not offered any evidence
6 of actual confusion.

7 Defendants have raised the question of whether *Job's Daughters* is still good law. The
8 case has not been reviewed by the Supreme Court, as *certiorari* was denied. In more recent
9 cases the Ninth Circuit has stated that "the aesthetic functionality test has been limited, if not
10 rejected." *First Brands Corp. v. Fred Meyer, Inc.*, 809 F.2d 1378, 1382 n. 3 (9th Cir. 1987)
11 (design and color of container for antifreeze). However, the cases in which aesthetic
12 functionality has been rejected have been trade dress cases.

13 The case cited in *Fred Meyer* for the proposition that aesthetic functionality has been
14 rejected, is *Vuitton et Fils S.A. v. J. Young Enterprises, Inc.*, 644 F.2d 769 (9th Cir. 1980)
15 (whether similar designs used on handbags and luggage was infringing). *Vuitton*, however,
16 was decided at the same time as *Job's Daughters* and cites as authority the same case *Job's*
17 *Daughters* did, *Pagliero v. Wallace China Co.*, 198 F.2d 339 (9th Cir. 1952). In *Pagliero*,
18 the court made a distinction between trademarks and functional features. Because the
19 defendant in *Job's Daughters* was not using the mark for its ability to identify origin, but
20 rather for its decorative effect, the use was not infringing. On the other hand, in *Vuitton*, it
21 is clear that the manufacturer of the offending product had slightly modified the Vuitton
22 mark and design features in order to create "knock-offs" of a well-known product. The intent
23 was to either create confusion or borrow the cache of the Vuitton product.

24 Likewise, in the more recent cases cited by Defendants, trade dress has been at issue.
25 *See Clicks Billiards Inc. v. Sixshooters Inc.*, 251 F.3d 1252 (9th Cir. 2001) (decorative details
26 of pool halls). In all these cases the aesthetic qualities at issue were being used to advertise
27 and sell goods that were similar to those sold by the trademark holder. This is not the case
28 here.

1 The only case truly similar to this one in this circuit is *Porsche AG v. Universal Brass,*
2 *Inc.*, 1995 WL 420816 (W.D. Wash.), decided by Judge Coughenour. In this case, defendant
3 was copying the Porsche logo for key chains, license plate frames, valve stem caps and paper
4 weights. Rather than buy the logos from the manufacturer, defendant cast its own, including
5 the encircled "R" in the logo. Defendant did not warn customers that the products were not
6 manufactured or endorsed by Porsche. Plaintiff had evidence that there was actual confusion
7 about the origin of the product. Judge Coughenour found that there was evidence sufficient
8 to show that the products were infringing. The Judge went on to say that the situation was
9 different between *Job's Daughters* and *Porsche*, as Porsche uses its mark in connection with
10 the sale of goods, while the Job's Daughter's mark was merely and emblem to identify
11 association or membership in an organization.

12 While under *Job's Daughters*, the actions of the defendant in *Porsche* can be found
13 infringing because of the lack of warnings and evidence of actual confusion, the Court does
14 not agree with the Judge's distinction between the organization and goods. Furthermore, the
15 *Porsche* case has not been published and there is nothing that suggests definitively that *Job's*
16 *Daughters* has been overturned when applied to this fact pattern.

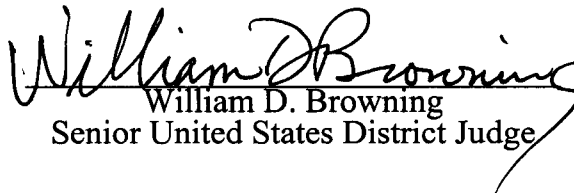
1 **IV. CONCLUSION**

2 Accordingly, the Court finds that Defendants have offered insufficient evidence to
3 show that there is a question of material fact that might lead a fact-finder to conclude that
4 infringement of their trademarks had occurred.

5 IT IS HEREBY **ORDERED** that Plaintiff's Motion for Partial Summary Judgment
6 is **GRANTED** and that Defendants' Motion for Summary Judgment is **DENIED**..

7 IT IS FURTHER **ORDERED** that the parties each file a memorandum with the Court,
8 no later than April 25, 2003, briefing any outstanding issues in this matter.

9 DATED this 7 day of April, 2003.

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12 William D. Browning
13 Senior United States District Judge
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